

NIGERIAN MULTINATIONAL BANKING AND VALUE ADDITION TO THE
BANK, BANKING SYSTEM, CUSTOMERS AND SHAREHOLDER: A CASE
STUDY OF NIGERIAN BANKS

BY

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BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUTE
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COVENANT UNIVERSITY, OTA, OGUN STATE. IN PARTIAL FULFILMENT OF
THE REQUIREMENT FOR THE AWARD OF A MASTER OF SCIENCE (M.Sc.)
DEGREE IN BANKING AND FINANCE.

CERTIFICATION

This is certify that this dissertation was carried out by ADEWUNMI JUMOKE

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DECLARATION

I hereby declare that this dissertation submitted to the department of Banking and Finance, College of Business and Social Sciences was done by me under the supervision of Dr.K.A Adetiloye and has not been submitted to any other institution.

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DATE

(Researcher)

DEDICATION

This work is dedicated first to God, almighty Alpha and Omega for His Infinite Favor, direction and grace throughout the study .

I dedicate this work also to my parents, Mr Lateef Adewunmi and Mrs Kemi Adewunmi for their support, love and understanding during the research.

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ABSTRACT

Multinational banking is one of the most visible example of the emergence of true world globalization. Multinational banking involves variety of activities. These activities include borrowing and lending, trading in currencies and financial international trade. The activities performed by multinational banks are directed toward value addition, to the banks, the banking system, the customers and shareholder. The banking system is one of the major drivers of the financial system of any economy. Therefore, development of the banking system is vital to economic growth and development, and the banking system develops through the activities of the banks. Thus, the major objective of this study is to look at the value banks add to itself, the banking system, the customers and shareholders. Panel data and questionnaires were used in carrying out the research on five top multinational banks in Nigeria. Regression analysis was carried out on the panel data and mean, standard deviation and standard error were carried out on the questionnaires. Results of the panel data analysis using random effect regression results also shows that both total equity and customer's deposits significantly improve profit before tax of the selected deposit money banks in Nigeria. Moreover, total equity of the banks exerts the most increasing effect on profit before tax. However, the bank's investment in their subsidiaries exposed them to greater risk and possibility of decline in their profit before tax. Real asset on the other hand exert not significant influence on their profit before tax.

Results of the secondary data shows that multinational banks significantly add value to the bank, banking system, the customers and the shareholders. Based on the of the random effect regression analysis, we recommend that the banks look into its investment in subsidiaries because it adversely affects profit after tax, which is not meant to be, the banks are advised to look into externalities that may affect investment in subsidiaries, externalities like improper management of funds, improper investments/investment decisions. Banks are also advanced to look into overhead cost that comes with servicing clients. regulatory body should also bring up policies that would encourage the banks to go multinational, because multinational banking helps the banking system of a country and therefore grows and develops the financial system.

Key words: Multinational Banking, Banking System, Profit After Tax, Investment in Subsidiaries, Deposit, Total Equity.